

Committee on Ways and Means

“The impact of the coverage gap on Medicare beneficiaries has been overstated in many descriptions of the new Medicare prescription drug program.”

-Report by PricewaterhouseCoopers, “Significant of the Coverage Gap Under Medicare Part D,” 06/08/06

The vast majority of seniors will NOT be subject to the coverage gap.

- For low-income seniors, there is NO “donut hole.” Medicare rightly pays for the needs of the nation’s neediest individuals.
- A PricewaterhouseCoopers (PwC) June report estimates that only 8 percent of Medicare beneficiaries will be fully responsible for expenditures in the gap. This number is actually even lower since PwC did not account for State Pharmacy Assistance Programs, which many states use to fill in the coverage gap.
- Beneficiaries can delay entering the gap or avoid it altogether through the use of generics and preferred brand-name drugs that are therapeutically equivalent, but less expensive.

EVERY senior had the option of choosing a Medicare prescription drug plan without a coverage gap.

- There is at least one drug plan available in all 50 states that does not have a coverage gap.
- Many seniors voluntarily choose this type of plan.
 - According to PwC, 2.4 million beneficiaries chose a plan that does not have a coverage gap.
- However, seniors could have also chosen a plan that includes a coverage gap to limit their out-of-pocket costs.

Seniors, even those in the coverage gap, are better off now than they were before because market forces have reduced the cost of their drugs.

- The PwC report concluded that, “Even in the gap, we find that, on average, [seniors] fare better under Medicare Part D than they would have in the absence of Part D.”
- For the first time, Medicare seniors now have access to discounted prescription drug costs because of aggressive private-sector negotiations, instead of continuing to pay the full retail price at their local pharmacy. Beneficiaries continue to receive these discounts while in the gap.
 - A recent report by the Pharmaceutical Care Management Association shows that the top 25 drugs purchased by seniors are experiencing discounts of 35 percent at retail pharmacies and 46 percent through mail order.
- According to CMS, beneficiaries who do face the coverage gap will already have saved on average about \$1,500 on their drug costs.

Are Democrats truly concerned about reducing the deficit?

- In 2003, the Democrat alternative, which did not have a coverage gap in the standard benefit, was estimated to cost roughly \$1 trillion.